

ORDINANCE NO. _____

BILL NO. 160, FD1 (2024)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO THE HEALTHCARE PROVIDER RENTAL EXEMPTION

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. This Ordinance's purpose is to establish the Healthcare Provider Rental Exemption in Chapter 3.48, Maui County Code, "Real Property Taxation."

SECTION 2. Section 3.48.305, Maui County Code, is amended by amending Subsection B to read as follows:

"B. In assigning land to one of the general classes, the director must give major consideration to: the districting established by the land use commission in accordance with chapter 205, Hawai'i Revised Statutes; the districting established by the County in its general plan and comprehensive zoning ordinance; use classifications established in the Hawai'i state plan; and other factors that influence highest and best use; except that:

1. Real property that is used as the owner's principal residence and has been granted either a home exemption in accordance with sections 3.48.410 and 3.48.450 or an exemption in accordance with sections 3.48.410 and 3.48.475 must be classified as "owner occupied" without regard to its highest and best use.

2. Real property improved with a dwelling that would not be classified as "owner-occupied", "hotel and resort", "time share", "TVR-STRH", "commercial", "industrial", "commercialized residential", or "long-term rental", must be classified as "non-owner occupied".

3. Multi-dwelling-unit improvements containing five or more dwellings that would not be classified "TVR-STRH" must be classified "apartment".

4. Real property that serves as the owner's principal residence and has been granted a bed and breakfast home permit, a short-term rental home permit, or operates as a transient vacation rental, must be classified as "commercialized residential" without regard to its highest and best use, and cannot qualify for a home exemption.

5. Real property that is subject to a time share plan as defined in section 514E-1, Hawai'i Revised Statutes, as amended, must be classified as "time share".

6. Unless classified as "time share", "hotel and resort", or "commercialized residential", lodging or dwelling units occupied by transient tenants for periods of less than six consecutive months, including real property that does not serve as the owner's principal residence and has been granted a short-term rental home permit or a conditional permit allowing transient vacation rental use must be classified as "TVR-STRH" without regard to its highest and best use, and cannot qualify for a home exemption.

7. Unless classified as "time share" or "commercialized residential", properties occupied by transient tenants for periods of less than six consecutive months, have eight or more lodging or dwelling units, and employ more than twenty full-time persons, must be classified as "hotel and resort".

8. Dwelling units occupied by long-term tenants for periods of [twelve] 12 consecutive months or more to the same tenant and have been granted a long-term rental exemption in accordance with sections 3.48.410, 3.48.425, and 3.48.466 must be classified as "long-term rental", unless the property also qualifies for a [homeowner] home exemption in accordance with section 3.48.450, in which case the property must be classified "owner-occupied".

9. Dwelling units where a portion is used for transient vacation rental, hotel, commercial, or industrial purposes must not be classified as "long-term rental". Portions of dwelling units not used for residential use must not be classified as "long-term rental".

10. Dwelling units that have been granted a healthcare provider rental exemption must be classified as "long-term rental".

SECTION 3. Section 3.48.410, Maui County Code, is amended by amending Subsection A to read as follows:

“A. None of the exemptions from taxation granted in sections 3.48.450 through 3.48.466, 3.48.475 through 3.48.500, 3.48.549, 3.48.552, 3.48.554, 3.48.557, and 3.48.558 will be allowed unless the claimant has filed with the department of finance, on or before December 31 preceding the tax year for which the exemption is claimed, a claim for exemption in a form prescribed by the department. The exemption from taxation granted in section 3.48.556 must not be allowed unless the claimant has filed with the department of finance, on or before June 30 of the tax year for which the exemption is claimed, a claim for exemption in a form prescribed by the department.”

SECTION 4. Section 3.48.425, Maui County Code, is amended by amending Subsection A to read as follows:

“A. Any person who has been allowed an exemption under sections 3.48.450 through 3.48.466, 3.48.475 through 3.48.500, 3.48.549, 3.48.552, 3.48.554, 3.48.557, and 3.48.558 has a duty to report to the assessor within [thirty] 30 days after ceasing to qualify for such an exemption for one of the following reasons:

1. Ceasing to be the owner, lessee, or purchaser of the exempt premises;
2. A change in the facts [previously reported] has occurred concerning the occupation, use, or renting of the premises, buildings, or other improvements [thereon]; or
3. Some other change in status has occurred [which] that affects the exemption.”

SECTION 5. Chapter 3.48, Maui County Code, is amended by adding a new section to be appropriately designated and to read as follows:

“3.48.549 Healthcare provider rental exemption. A. To the following extent, a dwelling unit will be exempt from property taxes if it is under a signed contract to lease for 12 consecutive months to:

- 1. a State contractor providing emergency medical services as part of the State emergency medical services system;**
- 2. a healthcare facility,**
- 3. an agency contracted by a healthcare facility to staff the healthcare facility with healthcare professionals; or**
- 4. a healthcare professional who is not a full-time County resident but is contracted to provide healthcare**

services in the County by a healthcare facility or an agency contracted by a healthcare facility:

a. For tax years beginning on or after July 1, 2025:

i. Totally exempt if the value of the property is \$200,000 or less.

ii. If the value of the property exceeds \$200,000, the exemption is \$200,000.

B. The provisions of subsection A are subject to the following conditions:

1. A dwelling unit leased to a State contractor providing emergency medical services as part of the State emergency medical services system must use the property for the duration of the lease to house emergency medical services personnel who may be called upon to provide emergency medical services. The dwelling unit may also be used by the residing personnel for other purposes necessary for the personnel to carry out duties relating to providing emergency medical services.

2. A dwelling unit leased to a healthcare facility or to an agency contracted by a healthcare facility to staff the healthcare facility with healthcare professionals must use the property for the duration of the lease to house healthcare professionals who are not full-time County residents but are contracted by the healthcare facility to provide healthcare services in the County.

3. A dwelling unit may be leased for periods of less than 12 months to healthcare professionals who are not full-time County residents but are contracted by a healthcare facility or an agency to provide healthcare services in the County if the leases are consecutive and equal 12 consecutive months.

4. The exemption may be allowed for more than one dwelling unit for any one taxpayer if the dwelling units are located on different parcels.

5. The exemption may be allowed for more than one dwelling unit leased to the same entity if the dwelling units are located on different parcels.

6. If a portion of the structure is used for commercial purposes, that portion of the structure will not be entitled to an exemption.

7. If the term of the lease is greater than one year, one year of exemption will be granted. After the initial year of the exemption, no exemption will be

allowed unless the lease terminates after September 30 of any later assessment year.

8. If the lease is granted to any entity that has an ownership interest in the property, the exemption must not be allowed.

C. Upon proper application, a taxpayer will be entitled to a healthcare provider rental exemption if the taxpayer provides the director a copy of the signed lease and all required documentation requested by the director to confirm qualification. Failure to respond to the director's demand in 30 days will be grounds for denial of a claim for an exemption.

D. If the director obtains evidence that any use other than those authorized in subsection B is occurring, the evidence will serve as prima facie proof that the individual does not qualify for a healthcare provider rental exemption, and the director must provide written notice to the individual by mail that the individual does not qualify for an exemption or continued exemption under this section. Evidence may include homes that are being advertised for occupancy by transients for periods of less than six consecutive months for any period during the course of any assessment.

E. If during any tax year, the exemption of a property is revoked, the taxes for the entire tax year will be recalculated without the exemption.

F. No healthcare provider rental exemption will be allowed if taxes on the property are delinquent for more than one year.

G. If, during the course of the assessment year, any portion of the dwelling is used as a transient vacation rental, the exemption must be revoked and the taxes for the entire year recalculated without the exemption.

H. The real property owner must report any change in use or occupancy of a property with a healthcare provider rental exemption within 30 days of the change. The director may investigate any real property and, if the director determines that the actual use differs from the uses authorized in subsection B, may reclassify and reassess the real property.

I. As used in this section:

"Emergency medical services" means the services used in responding to a perceived need for immediate medical care to prevent loss of life or aggravation of physiological or psychological sickness, injury, or incapacitating condition.

"Healthcare facility" means an institution providing healthcare services or a healthcare setting, including hospitals and other licensed inpatient centers, ambulatory surgical or treatment centers, skilled nursing centers, residential treatment centers, urgent care centers, diagnostic facilities, laboratories, and imaging centers, and rehabilitation

and other therapeutic health settings licensed or certified by the department of health under chapter 321, Hawai'i Revised Statutes.

"Healthcare professional" means a doctor, nurse, physician, or other healthcare practitioner licensed, accredited, or certified to perform specified healthcare services consistent with the practitioner's scope of practice under State law."

"State emergency medical services system" means the State of Hawai'i's system to serve the emergency health needs of the County, including ambulance services.

"Transients" means the same as in section 19.040.040.

"Transient vacation rental" means the same as in section 19.040.040."

SECTION 6. Material to be repealed is bracketed. New material is underscored. In printing this bill, the County Clerk need not include the brackets, the bracketed material, or the underscoring.

SECTION 7. This Ordinance takes effect on approval.

paf:jgk:24-248d

INTRODUCED BY:

Tamara A.M. Paltin

TAMARA PALTIN

DIGEST

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This bill proposes to amend Chapter 3.48, Maui County Code to establish the Healthcare Provider Rental Exemption.

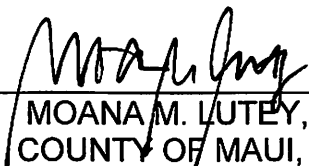
I, MOANA M. LUTEY, County Clerk of the County of Maui, State of Hawaii, DO
HEREBY CERTIFY that the foregoing BILL NO. 160, FD1 (2024) was passed on First
Reading by the Council of the County of Maui, State of Hawaii, on the 15th day of
November, 2024, by the following vote:

AYES: Councilmembers Tom Cook, Natalie A. Kama, Tamara A. M. Paltin,
Keani N. W. Rawlins-Fernandez, Shane M. Sinenci, Nohelani
U'u-Hodgins, Vice-Chair Yuki Lei K. Sugimura, and Chair Alice L.
Lee.

NOES: None.

EXCUSED: Councilmember Gabriel Johnson.

DATED at Wailuku, Maui, Hawaii, this 18th of November, 2024.



MOANA M. LUTEY, COUNTY CLERK
COUNTY OF MAUI, STATE OF HAWAII

Copies of the foregoing Bill, in full, are on file in the Office of the County Clerk,
County of Maui, for use and examination by the public.